UNDP

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DEPT.

APPROVAL OF UNDP ASSISTANCE TO A PROJECT OF ECUADOR

IPF:(1987-91) $8 864 000

(ECU/89/516) - Public Management Development Programme

Date of approval:	7 February 1990
Expected duration:	Two years
Proposed executing agency:	UNDP/OPS
Government implementing agency:	National Secretariat of Administrative Development
Proposed UNDP contribution:	$705 000 Source of funds: SPR/MDP- IPF
Total UNDP budget:	$705 000

Project background

Beginning in the 1970s, Ecuador's oil exports financed a process of modernization and economic development. However, the decline in incomes from oil exports and heavy indebtedness caused the economy to decline in the eighties. The situation has been characterized by economic instability, low investment levels, increasing unemployment, inflation and a serious budgetary deficit. In the late 1988, the inflation rate was over 80 per cent and the budget deficit over 15 per cent of GNP. In this situation, the ability of the government machinery to fulfill its functions with efficiency becomes of crucial importance.

The public sector which plays an important role in Ecuador, is criticized for not filling its wide functions in a satisfactory way; as it is described as inflexible and excessively centralized. It is against this background that the Government of Ecuador requested a mission from UNDP to prepare an assessment of requirements for improved management in the public sector. The mission took place during July 1989; and this project is a result of the above-mentioned mission.

The project seeks to address the solution of problems in four main strategic areas: general systems in public administration, public enterprises, personnel administration, and governmental decentralization. Main constraints in these areas refer to: (a) General Systems in Public Administration: lack of regulations for the appropriate functioning of the budgeting, taxation, treasury and accounting systems; and inefficiency in the governmental administrative contracting process, under the State Comptroller's responsibility; (b) Public Enterprises: inadequate governmental policy for public enterprises; multiplicity of structures and legal regulations governing their functioning; (c) Personnel Administration: lack of efficient tools to monitor the evolution of posts and remunerations; and too many legal regulations and inefficient salary policies for the public sector; and (d) Government Decentralization: excessive political, institutional, administrative and fiscal centralization, which prevents an equitable and harmonious development of all regions in the country.

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Description of project

The long-term objective of the project is to increase the efficiency and effectiveness of the country's public sector.

The immediate objectives of the project are to: (a) decentralize the budgeting system, and modernize and streamline the personnel contracting system for the public sector; (b) formulate a governmental policy for public enterprises, rationalizing their organization, functions and regulation; (c) define governmental policies and strategies for the administration of labor relations in the public sector; and (d) design a preliminary plan for deconcentration and decentralization of the responsibilities and functions of the Government's central administration.

Inputs

UNDP will provide the services of a chief technical advisor, expert in financial administration (18 man-months), international experts in public enterprises (18 man-months, decentralization (six man-months) and short-term consultants (2.5 man-months), a national project director (24 man-months) and national consultants in the areas of budget (six man-months), treasury (six man-months), public enterprises (six man-months), and others to be determined (36 man-months); official travel and mission costs; two subcontracts, one to design and implement administrative systems in the Minstry of Foreign Relations and another to carry out a research of labor management in the public sector; computer equipment; and miscellaneous costs.

Financial data

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Personnel	436 000
Subcontract	130 000
Equipment	120 000
Miscellaneous	19 000
Total	705 000

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